



FUTURE OF
FINANCE

PARADIGM SHIFT:
POWERING WITH INNOVATION
& FINANCIAL TECHNOLOGY

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Charting the Path for Digital Assets

Private Roundtable at the Wharton Future of Finance Forum

October 18, 2023

Moderator:

[Sahel Assar](#), Chair, Blockchain Digital Assets Practice Group & International Tax Council at Buchanan.

Speakers:

[Ari Redbord](#), Global Head of Policy and Government Affairs at TRM

[Sandy Kaul](#), Senior Vice President, Head of Digital Asset & Investor Advisory Services at Franklin Templeton

[Chris Perkins](#), Managing Partner and President at CoinFund

[Lewis Cohen](#), Founder at DLx Law

[Sandra Ro](#), CEO of the Global Blockchain Business Council

[Ananya Kumar](#), Associate Director of Digital Currencies at the GeoEconomics Center of the Atlantic Council

[Sian Nee Ho](#), Regional Director for the Americas of the Singapore Economic Development Board

Government and Central Bank Interfaces:

- Discussion initiated with a focus on government and central bank interfaces in 114 countries exploring digital assets.
- Observations highlighted Europe and Asia's advancement over the U.S. in cryptocurrency policymaking and usage.
- Primary concern about the U.S. enabling U.S. business to thrive amidst robust anti fraud and money laundering rules and regulation. The balance to be struck is a question of allowing businesses to thrive in the U.S., without stunning technological growth.

Cross-Border Value Transfer:

- Deliberation underscored the pivotal role of cross-border value transfer on a public ledger, emphasizing scalability through traceable transactions.
- Points of discussion encompassed concerns over aggressive taxation, diaspora engagement, and the potential susceptibility to illicit actors due to the swift and scalable nature of crypto transactions.
- Discussion acknowledged the dichotomy wherein the rapidity of cross-border crypto transactions presents an allure to illicit actors seeking expeditious fund movements. However, the flip side highlighted the imperative ability to trace and track transactions, a unique feature compared to traditional fiat currencies, especially pertinent for endeavors like terrorist finance investigations.

Taxonomy of Digital Assets:

- Conversations centered around the necessity for a coherent taxonomy of digital assets, particularly discerning between cryptocurrencies tailored for payments and those instrumental in programming contracts.
- The discussion shed light on regulatory challenges, emphasizing the absence of distinct boundaries. Notably, technologies relying instead on distributed ledger technology, further complicate regulatory delineations.

Sanctions and AML:

- Discussion highlighted a paradigm shift, viewing sanctions and anti-money laundering (AML) as intrinsic features, not flaws, within the digital asset landscape. Urged immediate real-time recognition of sanctions, especially in instances like OPEC.
- Recognition of the past decade witnessing a surge in technological tools, both newly developed and pre-existing, such as bilateral swap lines.
- Discussants underscored that strategically employed, narrow, and applicable sanctions have the potential to effectively impede the flow of money, signifying their viability as a potent tool.

Challenges in the U.S. Regulation:

- The assertion surfaced that the U.S. trails in embracing the digital asset landscape, attributing this lag to prevailing regulatory paradigms.
- Discussants articulated concerns about resource deficiencies at legislative and regulatory echelons, prompting inquiries into the adequacy of existing infrastructures.
- The discourse underscored the vital need for a nuanced and proactive regulatory stance, with an emphasis on exploring alternatives to intermediaries to broaden market access for individuals.

Empowering Individuals:

- Deliberations emphasized the historical trajectory of technology facilitating democratized access, drawing parallels with the transformative potential of digital assets and the imperative to empower individuals within the financial landscape.
- Strong emphasis was placed on the imperative need for robust consumer protections, recognizing them as a cornerstone in ensuring the equitable evolution of the digital asset landscape.

Global Collaborations:

- Observations highlighted proactive efforts by the Monetary Authority of Singapore (MAS) to foster innovation and collaboration, aspiring to anchor emerging digital asset networks within international standards for a secure and efficient financial market infrastructure.
- Discussants spotlighted Project Guardian, an initiative involving 11 financial institutions, as a pioneering endeavor in the digital asset realm. Noteworthy for its experimentation with various pilots, particularly in the tokenization of traditional asset classes, Project Guardian stands as an exemplar of collaborative innovation.
- Recognition was given to the role of sandboxes as a potential regulatory mechanism, specifically addressing the unique challenges inherent in regulating digital assets.

Balancing Regulation and Innovation:

- Participants articulated a consensus that regulatory measures must not unduly impede positive innovation within the digital landscape.
- Discussions highlighted the critical distinction between software development and control/actions, underlining the need for a nuanced understanding to prevent stifling innovation.
- Recognizing the pivotal role of intermediaries in the economy, discussants underscored their significance and the need for collaborative efforts to navigate the intricate balance between innovation and regulatory control.

Global Regulation and Collaboration:

- A consensus emerged on the indispensability of regulatory clarity, identifying it as a vital catalyst for fostering innovation within the digital asset domain.
- Discussants emphasized the need for enhanced coordination among regulatory bodies, recognizing it as a prerequisite for establishing comprehensive and effective regulations that can adapt to the evolving landscape of digital assets.

Looking forward beyond 2023:

- Discussants highlighted the significance of an open mindset and fostering collaborative endeavors within the industry, recognizing the collaborative ethos intrinsic to blockchain technology.
- The inherent collaborative nature of blockchain technology was emphasized, underscoring the imperative for stakeholders to unite in concerted efforts for mutual benefit.
- Pressing need for nuanced and proactive regulation, with an ability to discern between software development and control/actions. Called for an enhanced engagement between government employees and private sector entities for effective regulatory frameworks.